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INFORMATIONAL REPORT

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COUNTRY China

DATE DISTR. 30 OCT 50

SUBJECT Communist Acquisition of Food Stuffs for Resale
on the Macao and Hong Kong Markets

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1. In order to get foreign exchange to buy needed materials, the Chinese Communist Foreign Trade Bureau of Kwangtung Province was selling rice on the Macao and Hong Kong markets in July and August 1950. This rice was collected as tax in kind during the summer. On 9 and 10 August the Chinese Communists shipped 7,300 bags of rice (266 lbs. per bag) to Hong Kong and sold them at HK \$80 per bag.
2. On 14 August the SS TA PING (大鵬) brought 3500 bags of rice from Canton to Hong Kong. This rice is now stored in the Te Ta Liang (德大良) Rice Company for retail sale. Siamese rice purchased by the Communist-operated Nan Kuang (南光) Trading Company in Macao* is also being sold by various rice retail shops in Macao at HK \$64 per bag. Sales are under the supervision of a Chinese Communist Party member, LIANG Ch'ang (梁昌). **
3. According to an order issued by the Financial and Economic Committee of the Central and South China Region to the Foreign Trade Bureau of Kwangtung Province, the proceeds of these rice sales will be allocated to various reliable import merchants to buy supplies needed by the Chinese Communists.
4. The price of food stuffs in Kwangtung Province is strictly controlled by the Communists. Because of the summer harvest, prices are generally decreasing.
5. The South China branch office of the Financial and Economic Committee of the Central and South China Region issued the following directions to district governments on 20 July:
 - a. A buying program should be systematically executed under the unified command of the Provincial Food Stuff Company.
 - b. Food stuffs should be collected first in districts where the prices are lower than the official price.
 - c. In order to eliminate middlemen, district governments should purchase directly from farmers or local governments, and local cooperative stores should do the purchasing for provincial governments.

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25X1

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25X1

- 2 -

d. Industrial circles should acquire large quantities of cloth, salt, and fertilizers to be sold to the farmers.

6. Communist authorities in Canton have borrowed ninety billion Jen Min Piao from the South Central branch office of the Bank of China for purchasing large quantities of food stuffs. On 1 August the Provincial Food Stuff Company began collecting food stuffs and storing them in warehouses on the south side of Canton. The Kwangtung branch office of the Native Products Company has shipped 2700 tons of fertilizer to various districts during this period in exchange for food stuffs.

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* [redacted] Comment. For other dealings of the Nan Kuang Trading Company in Macao, [redacted]

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** [redacted] Comment. For information on LIANG Ch'ang's activities in Macao, [redacted]

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